

EDMONDS CITY COUNCIL APPROVED MINUTES

December 7, 2010

The Edmonds City Council meeting was called to order at 7:03 p.m. by Mayor Cooper in the Council Chambers, 250 5th Avenue North, Edmonds. The meeting was opened with the flag salute.

ELECTED OFFICIALS PRESENT

Mike Cooper, Mayor
Steve Bernheim, Council President
D. J. Wilson, Councilmember
Michael Plunkett, Councilmember
Lora Petso, Councilmember
Adrienne Fraley-Monillas, Councilmember
Strom Peterson, Councilmember
Diane Buckshnis, Councilmember

ALSO PRESENT

Peter Gibson, Student Representative

STAFF PRESENT

Al Compaan, Police Chief
Stephen Clifton, Community Services/Economic
Development Director
Phil Williams, Public Works Director
Lorenzo Hines, Finance Director
Rob Chave, Planning Manager
Carl Nelson, CIO
Leonard Yarberry, Building Official
Debi Humann, Human Resources Director
Frances Chapin, Cultural Services Manager
Rich Lindsay, Parks Maintenance Manager
Renee McRae, Recreation Manager
Deb Sharp, Accountant
Rob English, City Engineer
Scott Snyder, City Attorney
Sandy Chase, City Clerk
Jana Spellman, Senior Executive Council Asst.
Jeannie Dines, Recorder

1. APPROVAL OF AGENDA

COUNCILMEMBER PLUNKETT MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO APPROVE THE AGENDA IN CONTENT AND ORDER. MOTION CARRIED UNANIMOUSLY.

2. CONSENT AGENDA ITEMS

Council President Bernheim requested Items F and J be removed from the Consent Agenda and Councilmember Petso requested Item K be removed.

COUNCILMEMBER PETERSON MOVED, SECONDED BY COUNCILMEMBER WILSON, TO APPROVE THE REMAINDER OF THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY. The agenda items approved are as follows:

A. ROLL CALL

B. APPROVAL OF CITY COUNCIL MEETING MINUTES OF NOVEMBER 30, 2010

C. APPROVAL OF CLAIM CHECKS #122514 THROUGH #122536 DATED NOVEMBER 24, 2010 FOR \$357,585.18, AND #122537 THROUGH #122664 DATED DECEMBER 2, 2010 FOR \$604,863.09. APPROVAL OF KELLY DAY BUY BACK CHECKS #49981 THROUGH #50015 DATED NOVEMBER 19, 2010 FOR \$36,087.55, HOLIDAY BUY BACK CHECKS #50016 THROUGH #50072 DATED NOVEMBER 19, 2010 FOR \$134,051.78, AND PAYROLL DIRECT DEPOSIT AND CHECKS #50073 THROUGH #50106 DATED DECEMBER 3, 2010 FOR \$744,237.72.

- D. ACCEPTANCE OF THE NOVEMBER 2010 WASHINGTON STATE LIQUOR CONTROL BOARD LIST OF BUSINESSES RENEWING LICENSES.
- E. QUARTERLY UPDATE ON ACTIVITIES OF CASCADE LAND CONSERVANCY AND SUSTAINABLE EDMONDS.
- G. ORDINANCE NO. 3824 – HOURLY POSITIONS BY PAY GRADE/TITLE AND 2011 HOURLY EMPLOYEE WAGE SCHEDULE.
- H. AUTHORIZATION FOR MAYOR TO SIGN COLLECTIVE BARGAINING AGREEMENT BETWEEN CITY OF EDMONDS AND EDMONDS POLICE OFFICERS' ASSOCIATION (COMMISSIONED EMPLOYEES).
- I. ORDINANCE NO. 3825 – AMENDING THE PROVISIONS OF EDMONDS CITY CODE SECTION 1.04.010 TO SPECIFY A MEETING PLACE FOR CITY COUNCIL MEETINGS.

ITEM F: APPROVAL OF THE REAPPOINTMENT OF RICK SCHAEFER TO A 4-YEAR TERM ON THE ARCHITECTURAL DESIGN BOARD, AND ANDY ECCLESHALL FOR A 3-YEAR TERM ON THE HISTORIC PRESERVATION COMMISSION.

Due to the importance of these reappointments, Council President Bernheim requested postponing approval for two weeks to allow time to review the record. It was the consensus of the Council to delay this item.

ITEM J: ORDINANCE AMENDING THE PROVISIONS OF EDMONDS CITY CODE SECTION 2.05.010, LEGAL COUNSEL, PROFESSIONAL SERVICES CONTRACT, TO CORRECT A REFERENCE TO A REPEALED CITY CODE CHAPTER

Council President Bernheim explained there was an unintended, out-of-date provision in the code that referred to a subcommittee and referring three recommendations, a procedure used when the Mayor hires a consultant. The City Attorney is hired by the City Council and he wanted to ensure the Council had an opportunity to consider the nine candidates who responded to the Request for Proposals. He requested this item be referred to the Finance Committee. The Council agreed.

ITEM K: ORDINANCE ADOPTING AMENDMENTS TO THE FOLLOWING COMPREHENSIVE PLAN ELEMENTS: 2010 COMPREHENSIVE WATER PLAN; 2010 STORM AND SURFACE WATER PLAN; 2010 STREET TREE PLAN; 2010 UPDATE TO THE COMPREHENSIVE PLAN PURPOSE, EFFECT AND CONTEXT STATEMENTS; THE 2010 CAPITAL FACILITIES PLAN; AND FIXING A TIME WHEN THE SAME SHALL BECOME EFFECTIVE.

Councilmember Petso recalled during Council consideration of Comprehensive Plan amendments, there were repeated indications that a public hearing would be held in December prior to approval of Comprehensive Plan amendments. Approval of the ordinance on the Consent Agenda contradicts with that information.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO SCHEDULE A PUBLIC HEARING REGARDING COMPREHENSIVE PLAN AMENDMENTS.

Council President Bernheim asked whether the indication regarding a December public hearing had been confirmed. Councilmember Fraley-Monillas responded the minutes reflect a statement by City Attorney Bio Park that there would be a public hearing in December on final adoption of Comprehensive Plan amendments.

MOTION CARRIED UNANIMOUSLY.

Mayor Cooper asked whether the Comprehensive Plan amendments need to be adopted by the Council by the end of the year. Planning Manager Rob Chave answered yes, noting Mr. Park may have spoke out of turn; an

additional public hearing is not required. City Attorney Scott Snyder advised a public hearing would have been required if a change had been made. The Council was free to hold a public hearing but cautioned that no additional changes could be made to the Comprehensive Plan. Mr. Chave noted if a public hearing cannot be scheduled prior to yearend, the amendments would be delayed until 2011.

COUNCILMEMBER PETERSON MOVED, SECONDED BY COUNCIL PRESIDENT BERNHEIM, TO RECONSIDER THE MOTION TO SCHEDULE A PUBLIC HEARING REGARDING COMPREHENSIVE PLAN AMENDMENTS. UPON ROLL CALL, MOTION FAILED (3-4), COUNCILMEMBERS PETERSON AND WILSON AND COUNCIL PRESIDENT BERNHEIM VOTING YES; AND COUNCILMEMBERS BUCKSHNIS, PLUNKETT, PETSO AND FRALEY-MONILLAS VOTING NO.

Mr. Snyder explained this was not a required public hearing under GMA and is not required to meet the noticing requirements.

Councilmember Buckshnis commented the only changes were to the Capital Facilities Plan (CFP). She asked whether the public hearing could be held only on the CFP. Mr. Snyder answered the motion was to hold a public hearing on all the amendments. He explained staff verified that the changes the Council made were within the options considered and another public hearing was not required. Mr. Chave commented if the only concern was a public hearing on the CFP, the CFP can be adopted with the other Comprehensive Plan elements or at the time of a budget approval or budget amendment.

Councilmember Petso explained her intent was not to limit the public hearing to one amendment. She recalled there were repeated references to a public hearing in December. The Council should hold a public hearing because they told the public there would be a public hearing in December.

Councilmember Wilson suggested a public comment period which does not require noticing rather than a public hearing so that it could be scheduled on the December 14 agenda. Councilmember Petso preferred to hold the public hearing that the Council had repeatedly promised.

It was the consensus of the Council to schedule a public hearing on December 21.

3. CONFIRM APPOINTMENT OF PARKS, RECREATION AND CULTURAL SERVICES DIRECTOR.

Mayor Cooper commented that it was his great pleasure to ask the Council to confirm the appointment of Carrie Hite to the position of Parks, Recreation and Cultural Services Director. Ms. Hite is currently the Deputy Director of Parks at the City of Kirkland, has a 10-year history in Kirkland, graduated from Woodway High School, and earned her undergraduate degree from Western Washington University.

COUNCILMEMBER FRALEY-MONILLAS MOVED, SECONDED BY COUNCIL PRESIDENT BERNHEIM, TO CONFIRM THE APPOINTMENT OF CARRIE HITE AS THE PARKS, RECREATION AND CULTURAL SERVICES DIRECTOR. MOTION CARRIED UNANIMOUSLY.

Mayor Cooper advised Ms. Hite will start work on January 10, 2011.

Ms. Hite commented it was her pleasure to accept the appointment to the Parks, Recreation and Cultural Services Director position. She promised to do her best to be a good public steward to the citizens of Edmonds, Council and Mayor. She commented her mother still lives in Edmonds and she hoped to become a citizen of Edmonds again herself.

4. AUTHORIZATION FOR THE MAYOR TO SIGN CITY OF EDMONDS LODGING TAX COMMITTEE TOURISM PROMOTION AGREEMENT AWARDED THE EDMONDS CENTER FOR THE ARTS \$100,000.

Cultural Services Manager Frances Chapin explained she is a member of the Lodging Tax Advisory Committee (LTAC) and Councilmember Wilson is the Chair. The Committee, who makes recommendations regarding expenditures from this fund, met November 22 and unanimously recommended \$100,000 be awarded to the

Edmonds Center for the Arts (ECA) as a contract for services to promote tourism in Edmonds. The contract is for reimbursable funds; the ECA provides the services via tourism promotion and submits invoices for reimbursement. Staff recommends the Council authorize the Mayor to sign the contract with the ECA.

Councilmember Fraley-Monillas asked the source of the \$100,000. Ms. Chapin explained it was from ending cash. The LTAC recommended a portion of the Lodging Tax ending cash be retained for unforeseen opportunities to promote tourism in Edmonds. In addition to that amount, the fund accumulated an additional \$100,000 that can be awarded to the ECA. The next agenda item is an appropriation for that expenditure from 2010 funds. She advised the ending cash balance is approximately \$146,000.

Councilmember Fraley-Monillas asked if this award was connected to the current funding request from the ECA. Ms. Chapin answered that was a separate issue. These monies can only be used to promote tourism.

Councilmember Wilson commended Ms. Chapin and other members of LTAC who have shepherded the lodging tax resources. The proposed award has no impact on the General Fund. He suggested quarterly reports be provided to LTAC as well as the Council. He cited the importance of the Council being updated regarding the ECA in the future and requested the senior member of the Public Facilities District (PFD) Board make a quarterly report to the Council as well as to LTAC. He requested a requirement for a quarterly report to the Council by the senior member of the Public Facilities District Board be added in Exhibit A and in the agreement.

COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO AUTHORIZE THE MAYOR TO SIGN CITY OF EDMONDS LODGING TAX COMMITTEE TOURISM PROMOTION AGREEMENT AWARDED THE EDMONDS CENTER FOR THE ARTS \$100,000 AND REQUIRING A QUARTERLY REPORT TO THE COUNCIL.

Councilmember Peterson disclosed his wife serves on the PFD Board and he supports the motion.

Councilmember Buckshnis clarified a quarterly report would be provided regarding the marketing efforts, distribution, etc. as well as a quarterly financial report. Councilmember Wilson anticipated financial information would be part of the quarterly report. City Attorney Scott Snyder explained the City requires every contractor provide that information as the City is required to provide the information to the State. Ms. Chapin clarified the State requires an annual report. Councilmember Wilson accepted a friendly amendment by Councilmember Buckshnis to add to the language in Exhibit A that the quarterly report include financial information.

MOTION CARRIED UNANIMOUSLY.

5. ORDINANCE - 2010 HOTEL/MOTEL TAX REVENUE FUND BUDGET AMENDMENT.

Finance Director Lorenzo Hines explained this amendment grants authority to use the funds available in the Lodging Tax Fund for the purpose stated in Agenda Item 4.

COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO APPROVE ORDINANCE NO. 3826, AMENDING ORDINANCE NO. 3711 AS A RESULT OF UNANTICIPATED TRANSFERS AND EXPENDITURES OF VARIOUS FUNDS. MOTION CARRIED UNANIMOUSLY.

6. PUBLIC HEARING ON A PROPOSED ORDINANCE AMENDING THE PROVISIONS OF ECDC 20.110.040(F), MONETARY PENALTIES, IN ORDER TO CLARIFY THE IMPACT OF THE AMENDMENT ON EXISTING CODE ENFORCEMENT ACTIONS; AMENDING ECDC 20.110.040(D) TO CLARIFY APPEAL PROCEDURES TO SUPERIOR COURT, AND PROVIDING FOR NOTICE PURSUANT TO RCW 36.70A.106.

Planning Manager Rob Chave explained this was the third amendment proposed by the City Attorney's Office to amend the City's enforcement provisions to be consistent with State law as developed via court cases such as

Post v. Tacoma. The amendment states the City cannot impose fines without separate citations each time the fine is levied and an opportunity to appeal each instance.

Mayor Cooper opened the public participation portion of the public hearing.

Roger Hertrich, Edmonds, commented the Planning Board minutes reflect that there was no public input regarding the proposed amendment.

Hearing no further comment, Mayor Cooper closed the public participation portion of the public hearing.

Councilmember Plunkett asked whether the Planning Board was required to hold a public hearing. City Attorney Scott Snyder clarified the Planning Board held a public hearing but no members of the public testified.

COUNCIL PRESIDENT BERNHEIM MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO APPROVE ORDINANCE NO. 3827, AMENDING THE PROVISIONS OF ECDC 20.110.040(F) MONETARY PENALTIES IN ORDER TO CLARIFY THE IMPACT OF THE AMENDMENT ON EXISTING CODE ENFORCEMENT ACTIONS, AMENDING ECDC 20.110.040(D) TO CLARIFY APPEAL PROCEDURES TO SUPERIOR COURT. MOTION CARRIED UNANIMOUSLY.

7. PUBLIC HEARING ON A PROPOSED ORDINANCE AMENDING ECDC 18.45.070 AND ECDC 23.40.240(E) TO INCREASE THE PENALTY FOR UNAUTHORIZED CLEARING.

Planning Manager Rob Chave explained this issue was referred to the Planning Board by the Council's Community Services/Development Services Committee because in addition to increasing fines for tree cutting, there is cross reference in Title 18 to the Critical Areas Chapter. The amendments increase the fine from \$500/tree to \$1000/tree. The Planning Board felt the City ultimately may want to establish fines based on the value of the tree, etc. Staff agrees with that approach but recommends referring the matter to the Tree Board. The Planning Board also suggested adding the language "a minimum of \$1000/tree." He advised including "minimum" in the ordinance without any criteria potentially creates a situation where staff is arbitrarily setting fines which cannot be done. The City must have clear criteria in the code to ensure fines are reasonable and defensible. Staff agrees with the Planning Board's sentiment but recommend referring a method for increasing fees based on value, etc. to the Tree Board, and to eliminate "minimum" from the ordinance.

Councilmember Buckshnis referred to the Tree City USA fines and suggested the City establish a fine now followed by reconsideration of the fee by the Tree Board. Mr. Chave advised the proposed ordinance increases fees; establishing a fee based on value would require a great deal more research, something that the experts on the Tree Board could do. He noted the Tree Board could consider fines based on value, the intent of the person cutting the tree, whether the cutting was purposeful, etc. He summarized it was a very complex issue that warranted careful study. The intent of this ordinance was to increase the current fee.

Student Representative Gibson asked what a critical area is and asked why the City did not have a second offense violation such as Olympia's. Mr. Chave responded the City did not calculate its fine based on the number of times a violation has occurred. Critical areas are specified in State law and local ordinance and are typically steep slopes, wetlands, and streams. Trees in critical areas tend to be more important because they may also have functions/values related to the critical area.

Council President Bernheim suggested adding a "whereas clause" to the ordinance, "Whereas at present the increase in commercial value of real estate cannot outweigh the cost of unauthorized clearing of trees." He asked whether there were instances where unauthorized tree cutting enhanced the value of the property more than the current fine for cutting the tree. Mr. Chave recommended not using "commercial."

Council President Bernheim suggested establishing a fine based on the size of the tree that was removed such as \$1,000 for a smaller tree and \$3,000 for a larger tree. Mr. Chave stated that would be appropriate for the Tree Board to consider. The Board could consider a fine based on a tree-by-tree analysis by an arborist, tree size, etc.

Council President Bernheim asked whether under the proposed ordinance the penalties were mandatory regardless of fault, circumstance, or explanation. Mr. Chave answered yes. He noted the fine is tripled for a tree removed in a critical area.

Mr. Chave pointed out in addition to the penalty/fine, in most cases, a tree cutting permit is also required. If staff is able to determine the person knowingly violated the ordinance, the cost of the application can be multiplied by five.

Mayor Cooper opened the public participation portion of the public hearing.

Roger Hertrich, Edmonds, suggested there was no easy way to address extreme situations where trees are cut to enhance a view, thereby increasing the value of the land to the property owner such as occurred at Pt. Edwards. He questioned establishing such an expensive fee that it penalized the little guy but may not impact the person who profits from cutting trees. He suggested establishing a moratorium on development of property for a period of time following illegal tree cutting. He urged the Council to consider a moratorium as a standard that would address 75% of the problems that occur with tree cutting.

Joan Bloom, Edmonds, inquired about the tripled fine for a tree cut in a critical area and five times if a tree cutting permit were required. She asked if both escalators would apply for a tree removed in a critical area for which a permit was required. She referred to a tree on a steep slope in a critical area in her neighborhood that an arborist has certified as a healthy tree. Neither she nor her neighbors have received a reply to their contacts with staff and the Mayor regarding their desire to have this tree protected. She urged the Mayor to direct staff to respond to the citizens who are concerned with protecting this tree. Due to its location in a critical area, the Critical Areas Ordinance states the tree must be protected. She explained the tree is stabilizing the soil on the slope and if removed, the soil will become less stable. She urged the Mayor and staff to protect this tree on a steep slope.

Al Rutledge, Edmonds, referred to Hearing Examiner meetings that have addressed tree cutting by a developer. He suggested the City compare the proposed ordinance to a case in Seattle where trees were removed by a developer.

Hearing no further comment, Mayor Cooper closed the public participation portion of the public hearing.

In response to Ms. Bloom's question, Mr. Chave explained there are two types of fees/penalties, 1) the penalty for cutting a tree, and 2) the fee for a tree cutting permit which is approximately \$500. Five times the application for an intentional violation would be approximately \$2500. In addition, for example if three trees were cut outside a critical area, there would be another \$3,000 fee so potentially as much as \$5500. Regardless of the number of trees cut, five times the application fee is a one-time fee, not per tree.

With regard to Mr. Hertrich's suggestion for a moratorium, Mr. Chave explained most of the City's enforcement situations are on existing lots where trees are removed/topped to enhance/create a view. A moratorium may be a concept for the Tree Board to consider. City Attorney Scott Snyder explained another reason staff prefers the Tree Board consider the issue is view sensitive property where covenants require property owners to maintain trees at certain heights. In some areas of the City the tree is the view; in other areas, the tree obscures the view.

With regard to Ms. Bloom's question regarding neighbor's concern with preserving a tree in a critical area, Mr. Snyder advised staff provided a response regarding the process. He explained there is a permit process in City

code for removal of trees; it would be inappropriate for staff to comment on or prejudge an application that has not yet been filed.

For Councilmember Plunkett, Mr. Chave explained staff's recommendation is to pass the proposed ordinance, striking "minimum" because it is unenforceable. The intent of this amendment as discussed by the Community Services/Development Services Committee is to increase the fine for unauthorized tree clearing on an interim basis while the issue is studied further by the Tree Board. Mr. Snyder clarified staff views this as a reasonable stopgap but not a final solution.

Council President Bernheim pointed out these penalties would not apply to a person who is lawfully cutting down trees on their property. The ordinance only creates penalties for unauthorized practices. Mr. Chave agreed it did not create a new class of violation.

Councilmember Wilson asked staff to respond to Ms. Bloom's comment that the Critical Areas Ordinance does not allow removal of healthy trees within a critical area. Mr. Chave explained the Critical Areas Ordinance provides for protection of critical areas and trees, to the extent that they are part of and contribute to the quality/character of the critical area, should be retained but they cannot always be retained. For example, there are allowed activities within a critical area, primarily slopes, and less activity is allowed near streams and wetlands. The key issue with slopes is slope integrity and slope preservation; the wrong type of tree on a slope can make the slope less stable. Retaining a tree on the slope is not always desirable; a geotechnical and arborist study would consider the most appropriate solution. Each application is reviewed with regard to the specific circumstances.

Mr. Snyder commented the functionality of the critical area is required to be preserved; it is virtually impossible to substitute for a tree in a stream or wetland. On a slope, there are other ways the integrity of the slope can be preserved and the Planning Staff is obligated to consider an application to determine whether the functionality has been preserved. The public has the right to appeal any staff decision to the Hearing Examiner.

Councilmember Wilson requested a link to that information so that he could respond to Ms. Bloom. Mayor Cooper advised a discussion regarding that topic is scheduled to occur in the near future. He requested the Council restrict their discussion to the agenda item.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO ADOPT ORDINANCE NO. 3828, AMENDING ECDC 18.45.070 AND ECDC 23.40.240(E) TO INCREASE THE PENALTY FOR UNAUTHORIZED CLEARING.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO AMEND THE MOTION TO STRIKE THE WORD "MINIMUM" AND INCREASE THE PENALTY TO \$5,000.

Mr. Snyder clarified the amendment would remove "a minimum of" from paragraphs B, C and D. He asked if the intent was to increase the base penalty from \$1,000 to \$5,000 and a \$15,000 fine at the second and third level. Councilmember Buckshnis responded that was her intent.

Councilmember Plunkett asked staff's opinion regarding the proposed amendment. Mr. Chave answered he appreciated the sentiment but felt \$5,000 could be too much in some instances and too little in others. He preferred to have the Tree Board consider methods of calculating the penalty. He anticipated a flat \$5,000 fee would create inequities.

Councilmember Peterson recalled when this was discussed by the Community Services/Development Services Committee, an increase of \$1,000 and \$3,000 was deemed more appropriate for the reasons Mr. Chave mentioned and until the Tree Board had an opportunity to develop a more comprehensive method of

determining penalties. The Committee agreed this was a fair, short term solution that would cause enough hardship to get people's attention but not a significant hardship on someone making an honest mistake.

Councilmember Wilson asked whether the ordinance addressed damage to a tree other than removal of the entire tree. Mr. Chave responded maintenance such as pruning that maintains the health of tree is typically allowed. Actions that jeopardize the health of the tree such as removal, topping, etc. are considered tree cutting. Mr. Snyder advised that was contained in other provisions of Chapter 18.

Councilmember Wilson referred to staff's indication that the value of a tree warrants an increased penalty. He inquired about the stormwater retention value of a tree, recalling that a 40-foot tree retained 500 gallons of water. Mr. Chave commented stormwater retention varied by type, age and size of trees. Councilmember Wilson summarized trees had many values in addition to aesthetics, stormwater retention, shade, etc. that warrant increased fine for unauthorized clearing. He agreed this was a stopgap measure until the Tree Board had an opportunity to review it. He commented anyone doing legal tree cutting need not worry about the penalties, only someone cutting trees illegal would be impacted by the increased penalty. He referred to the tree removed on Walnut, commenting a \$1000 fine for removing that tree was inadequate but removal of the tree likely provided a \$50,000 view enhancement. He expressed support for the amendment to increase the penalty to \$5,000/tree.

Council President Bernheim did not support the amendment, finding a \$5,000/tree penalty too high. He planned to propose another alternative.

Councilmember Fraley-Monillas advised she would not support the amendment as she preferred the Tree Board evaluate fine levels. She hoped in a situation such as the tree removed on Walnut that a penalty in excess of \$5,000 could be assessed if the result was a \$50,000 view enhancement versus someone who accidentally removes a tree. She was hopeful the Tree Board would also consider an appeal process.

MOTION FAILED (2-5), COUNCILMEMBERS WILSON AND BUCKSHNIS VOTING YES.

Mr. Snyder advised these penalties are enforced via the City's civil code enforcement process which the Council amended under Agenda Item 6 and there are multiple hearings. The Hearing Examiner cannot increase or decrease the penalty amount.

COUNCIL PRESIDENT BERNHEIM MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO ADD A "WHEREAS CLAUSE" THAT READS, "WHEREAS, AT PRESENT, THE INCREASE IN COMMERCIAL VALUE OF REAL ESTATE CAN OUTWEIGH THE RISKS OF UNAUTHORIZED CLEARING OF TREES," ADDING A \$1,000 PENALTY FOR UP TO A 3-INCH TREE AND A \$3,000 PENALTY FOR REMOVING A TREE OVER 3-INCHES, AND OTHER TECHNICAL AMENDMENTS.

COUNCIL PRESIDENT BERNHEIM WITHDREW HIS MOTION WITH THE AGREEMENT OF THE SECOND.

COUNCIL PRESIDENT BERNHEIM MOVED, SECONDED BY COUNCILMEMBER WILSON, TO AMEND TO REPLACE THE \$1,000 PER DAY PENALTY WITH A \$1,000 PENALTY FOR A TREE OF UP TO 3 INCHES AND \$3,000 FOR A TREE 3 INCHES OR MORE AND REMOVING THE PER DAY LANGUAGE.

Councilmember Fraley-Monillas suggested the Tree Board consider Council President Bernheim's proposed amendment.

Councilmember Plunkett expressed his appreciation for the effort but agreed with having the Tree Board consider the matter.

Councilmember Wilson agreed the Tree Board's review would provide value; the intent was to increase the penalty in the interim. As the Planning Board will likely also review the Tree Board's recommendation, it may be 6-9 months before the Tree Board's recommendation is presented to the Council. He supported adopting a higher penalty in the interim.

Councilmember Fraley-Monillas pointed out the increase in the penalty from \$500 to \$1,000 was staff's recommendation for an interim penalty. Mr. Chave agreed, noting the Tree Board would consider all alternatives.

Council President Bernheim clarified his amendment retained the \$1,000 fine recommended by the Planning Board for trees less than 3-inches and established a \$3,000 fine for a tree over 3 inches in an effort to halt the tragic intentional cutting of large trees. Councilmember Wilson asked whether the intent was for the fine to be tripled for removal of a tree in a critical area. Council President Bernheim agreed that was his intent.

MOTION CARRIED (5-2), COUNCILMEMBERS PETERSON AND PLUNKETT VOTING NO.

COUNCIL PRESIDENT BERNHEIM MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO INSERT THE FOLLOWING: "WHEREAS, AT PRESENT, THE INCREASE IN VALUE OF REAL ESTATE CAN OUTWEIGH THE RISKS OF UNAUTHORIZED CLEARING OF TREES." MOTION CARRIED UNANIMOUSLY.

COUNCILMEMBER PETERSON MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO STRIKE THE THREE REFERENCES TO "A MINIMUM OF" WITH REGARD TO THE FINES IN PARAGRAPHS C AND D.

Council President Bernheim advised he would vote against the amendment as he preferred Paragraph C be revised to read, "The fines established in subsection (B) of this section shall be triple for clearing which occurs in a critical area. He referred to additional amendments to paragraphs C and D.

COUNCILMEMBER PETERSON WITHDREW HIS MOTION WITH THE AGREEMENT OF THE SECOND.

COUNCIL PRESIDENT BERNHEIM MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO AMEND TO CHANGE PARAGRAPHS C AND D AS FOLLOWS: STRIKE "TO \$3,000 PER DAY AND/OR A MINIMUM OF \$3,000 PER TREE" FROM PARAGRAPH C, STRIKE "OR" IN THE CENTER OF PARAGRAPH C, AND "OR AT THE END OF PARAGRAPH C, AND STRIKE "D. THE FINES ESTABLISHED IN SUBSECTION (B) OF THIS SECTION SHALL BE TRIPLED TO \$3,000 PER DAY AND/OR A MINIMUM OF \$3,000 PER TREE" IN SECTION D. MOTION CARRIED UNANIMOUSLY.

COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCIL PRESIDENT BERNHEIM, TO REVISE SECTION C TO ADD "ANY PORTION OF" PRIOR TO "PUBLIC PROPERTY" IN SECTION C AND ADD "ANY PORTION OF" PRIOR TO "WITHIN" IN SECTION C. MOTION CARRIED UNANIMOUSLY.

MAIN MOTION AS AMENDED CARRIED UNANIMOUSLY.

8. PUBLIC HEARING ON PROPOSED 2011 BUDGET

Mayor Cooper opened the public participation portion of the public hearing.

Al Rutledge, Edmonds, commented this budget was \$6 million over, \$4 million was being transferred and there were no furloughs or layoffs, leaving approximately \$2 million beginning balance in 2012. He referred to an issue over a totem pole several years ago where the City and a citizen spent thousands of dollars. He hoped a

similar issue involving a Councilmember and a sign would not result in attorney fees. Next, he advised large trees could be replanted in Texas; in Edmonds replanting of large trees would require the use of a helicopter. He advised people who object to tree removal are not interested in a penalty; they want the trees to be retained. He noted the budget did not include funds for those in need in the community. He announced the Carol Rowe Memorial Food Bank Toy and Food drive on December 11.

Roger Hertrich, Edmonds, referred to Exhibit A, 2011 Budget Summary, noting Fund 411 started with \$4,473,000, has income of \$15 million and expenditures of \$14 million, leaving \$14.5 million. He suggested there was enough money in Fund 411 to fund hydrant maintenance. Fund 412 starts with \$3,600,000, has income of \$6,800,000, leaving \$10,275,000, all of which will be spent in 2011. He questioned whether the City would need to hire additional employees to spend that much money in one year and how much would be spent the following year. There was no plan showing the need for \$10 million in projects. These amounts indicate the utility rate increases have been exorbitant. Next, he questioned the need for \$25,000 for a City Energy Plan, \$25,000 for a WSDOT Road Survey, suggesting that \$50,000 could be allocated to the ECA. He hoped the funds provided to the ECA were a loan and not a grant. The ECA needs to be encouraged to continue doing the best job they can. He also questioned the \$1.7 million expenditure from the Parks Construction Fund.

Hearing no further comment, Mayor Cooper closed the public participation portion of the public hearing.

Mayor Cooper declared a brief recess.

9. DISCUSSION AND POSSIBLE ADOPTION OF THE 2011 BUDGET.

Mayor Cooper referred to a worksheet displayed on the screen that would reflect the value of the amendments and the impact that amendments have on the forecast for future years.

Finance Director Lorenzo Hines displayed an interactive Executive Summary – Current Forecast, 2011 Budget Deliberations that contains key amounts in the Mayor’s Budget that will change as amendments are made. He suggested Councilmembers pay particular attention to the effect that amendments have on the Mayor’s Budget Ending Fund Balance and adjusted Ending Fund Balance on the worksheet. The worksheet also contains the Target Ending Cash of one month. He also displayed a list of Administrative Decision Packages as proposed, noting only a few of the decision packages impact the General Fund. He displayed a list of proposed Council Amendments that have a fiscal impact. He explained as amendments are approved, they would total on the lists and flow to the Executive Summary worksheet.

Mayor Cooper described the process he planned to use to consider amendments. The list of decision package items would be first, followed by amendments in the order listed on the sheet contained in Council packets that also contains administrative response to amendments, with the exception of the Strategic Plan which would be considered along with other large proposed amendments. He suggested unless there are objections, the amendments suggested by Councilmember Buckshnis that change exhibits and summary sheets be considered as one amendment.

Council President Bernheim explained the Council had an opportunity to discuss amendments last week.

Councilmember Wilson asked whether the worksheet differentiated between one time and ongoing expenses. Mr. Hines responded yes, for example a new position would reflect the expense in future years. One-time expenses would only be reflected in the 2011 column.

COUNCIL PRESIDENT BERNHEIM MOVED, SECONDED BY COUNCILMEMBER PETERSON, TO ADOPT ORDINANCE NO. 3829, AN ORDINANCE OF THE CITY OF EDMONDS, WASHINGTON, RELATING TO THE BUDGET FOR FISCAL YEAR COMMENCING JANUARY 1, 2011.

AMENDMENT #1 – DECISION PACKAGES

COUNCILMEMBER PETERSON MOVED, SECONDED BY COUNCIL PRESIDENT BERNHEIM, TO ADOPT ALL THE 2011 DECISION PACKAGES, WITH THE EXCEPTION OF THE ECONOMIC DEVELOPMENT STRATEGIC PLAN.

2011 Administrative Decision Package Items			
Item		All Funds	General Fund
Bullet Proof Vest Replacement	One Time	\$25,130	\$25,130
GIS Analyst	Ongoing	\$87,450	4,373
Capital Facilities Charge for Utilities	One Time	25,000	
City Energy Plan	One Time	25,000	25,0000
WSDOT Road Condition Survey	Biennial	25,000	
Stormwater Maintenance Worker I	Ongoing	62,000	
Stormwater Engineering Technician	Ongoing	92,080	
Generator access/courtroom and office	One Time	7,825	7,825
Probation Monitoring Program	One-Time	6,850	6,850
Parks 21" Honda Mower	One Time	1,200	1,200
Rental Toilets	Ongoing	5,000	5,000
Total		\$362,535	\$75,378

Councilmember Plunkett clarified the intent was to fund the General Fund portion of the decision packages from ending cash. Mayor Cooper agreed that was the intent.

Councilmember Peterson pointed out the majority of the items were funded outside the General Fund such as the Utility Fund.

MOTION CARRIED UNANIMOUSLY.

AMENDMENT #2 (LP 1) - PAY HYDRANT MAINTENANCE FROM UTILITY TAX REVENUE

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO PAY HYDRANT MAINTENANCE FROM UTILITY TAX REVENUE.

Councilmember Petso explained the Public Safety Reserve Fund was created using one time revenue from the sale of Fire Department equipment. She proposed this amendment in an effort to protect those funds from being comingled into the General Fund for an ongoing, operational-type expenditure. She preferred to fund operating expenditures from the General Fund and found paying ongoing expenditure from a one time revenue sources less desirable.

Councilmember Peterson agreed it was not good policy to pay recurring expenses with one time funds. However, these are extraordinary circumstances and he would oppose the amendment.

Councilmember Wilson commented this is a basic expenditure for which the General Fund exists. He supports the amendment, recognizing it will throw the budget out of whack but the budget is out of whack because the City does not have enough money. Unless the Council determines a way to address that fundamental issue, there is no way to balance the budget. He agreed it was appropriate to fund fire hydrant maintenance from the General Fund.

MOTION CARRIED (6-1), COUNCILMEMBER PETERSON VOTING NO.

AMENDMENT #3 (LP 2) - ADD \$12,000 FOR PROSECUTOR EXPENSE

Councilmember Petso explained this amendment acknowledges the increase in the Prosecutor expense that the Council approved recently.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCIL PRESIDENT BERNHEIM, TO ADD \$12,000 FOR PROSECUTOR EXPENSE FUNDED BY ENDING CASH.

Councilmember Buckshnis commented there was an anomaly in Fund 521.110, Records Management, that specifies Professional Services will decrease due to the transfer of Patrol Communications to offset costs for communication device (page 63 of the budget). The 2010 estimate for Professional Services of \$6,500 increased to \$27,722. She suggested funding the increase in the Prosecutor from that funding source.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER PETSO, TO AMEND THE MOTION TO FUND THE ADDITIONAL PROSECUTOR EXPENSE FROM FUND 521.110.

Councilmember Petso asked Police Chief Compaan about the proposed funding source. Chief Compaan responded his preference would be to utilize ending cash. Staff has combed the budget numerous times for savings and the budget is down to bare bones. He anticipated a cut in this fund would have an unintended consequence. Councilmember Petso suggested if upon further review he was able to determine that Fund 521.110 was an appropriate funding source, he notify the Council.

Councilmember Buckshnis explained the 2010 estimate on page 63 shows \$6,500; that amount increases to \$27,722 for the 2011 budget. The narrative states the Professional Services budget will show a decrease in the budget line which is transferred to Patrol Communications to offset costs for communication devices and a transfer to Property Management Small Equipment. She summarized the numbers did not match the narrative. Chief Compaan explained the transfer out of Professional Services into Patrol Communications is to offset the increased costs for mobile data computer (MDC) communication that is required for emergency services. The funds for the Prosecutor can be taken from that fund but the money is still needed. The unintended consequence would be eliminating the interoperability that is needed for MDC in patrol cars.

Mayor Cooper asked if this was the list of transfers that Chief Compaan described in his August 31 presentation to the Council that illustrated why he did not need to ask for additional General Funds. Chief Compaan agreed it was.

AMENDMENT FAILED UNANIMOUSLY.

MAIN MOTION CARRIED UNANIMOUSLY.

Mayor Cooper noted the next amendment on the list proposed by Councilmember Petso (LP 3), Adjust 125/126 and Public Safety Reserve Fund to reflect changes based on 11/23/10 Council meeting, is scheduled for discussion at the December 14 Council meeting.

AMENDMENT #4 (DB 2/MP 1) - ADD \$36,500 TO THE PARK TRUST FUND FOR THE FLOWER PROGRAM

With regard to Amendment #2 above, Councilmember Wilson asked for clarification whether the Council had made a policy decision to pay fire hydrant maintenance from the General Fund. And if so, that expenditure should be reflected as an ongoing expense in future years. Councilmember Petso confirmed that was her intent and it was the consensus of the Council that would be an ongoing expense.

Councilmember Buckshnis disagreed with staff's response on the list of budget amendments, pointing out it was noted by the auditor but was not written up as a finding because a finding requires it occur three times. She believed the donors expected the money to be used for flowers and not for operating costs.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, TO ADD \$36,500 TO THE PARK TRUST FUND FOR THE FLOWER PROGRAM, FUNDED FROM ENDING CASH.

Mr. Hines explained the State Auditor tested all the donations that were transferred from the Parks Trust Fund to the General Fund and found no problems with the transfers or expenditures. Mayor Cooper explained the explanation from the State Auditor's report is available and the actions the Council took leading up to the transfer of those funds are also available. Whether to restore the funds is a Council decision.

For Councilmember Petso, Mayor Cooper explained the ordinance needs to be revised per the State Auditor's recommendation. Councilmember Petso relayed her understanding of the Park Trust Fund was that the principle would be protected and use the interest for the purpose the donor intended such as the Flower Program. The budget does not reflect any interest revenue. Mr. Hines explained a previous budget amendment included an adjustment to the distribution of interest and bank fees because interest rates are so low bank fees exceed interest earned. Until interest rates improve, no interest revenue will be shown in the budget. If there is an opportunity for increased interest revenue, staff will return to Council with a budget amendment.

Councilmember Peterson explained he attended the audit exit interview where the auditor was specifically asked about that transfer. The auditor stated the transfer was appropriate; the funds were used to pay for the Flower Program and needed to be transferred to the General Fund in order to spend the money. The transfer was approved by the City Council. The auditor stated the language in the ordinance needed to be revised.

Mayor Cooper clarified the record of what the auditor told the City is a matter of public record and was also included in staff's response. The action the Council took to transfer the funds is also a matter of public record. The policy decision tonight is whether to move the funds from the General Fund into the Park Trust Fund.

MOTION CARRIED (6-1), COUNCILMEMBER WILSON VOTING NO.

AMENDMENT #5 (DB 3) - CHANGE THE TARGET ENDING CASH IN EXHIBIT 4A TO BE ONE MONTH RATHER THAN TWO

Councilmember Buckshnis explained as a result of her research, she recommended having a one month Target Ending Cash balance. She planned to propose a resolution in early 2011 requiring the City abide by that General Fund reserve.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCIL PRESIDENT BERNHEIM, TO CHANGE THE TARGET ENDING CASH IN EXHIBIT 4A TO BE ONE MONTH RATHER THAN TWO.

Councilmember Wilson commented one of the easiest ways to balance a budget is to change assumptions and targets. Most cities have balances far in excess of one month and if the Emergency Reserve is counted, Edmonds also has reserves in excess of one month. Changing the definition of success does not mean the City is more successful. He viewed a Target Ending Cash of two months as more appropriate and did not want to simply change the target. He did not support the amendment.

Councilmember Buckshnis explained this was the first time in ten years the budget was changed from one month Target Ending Cash to two months. She has researched numerous cities' budgets and believes one month Target Ending Cash is sufficient.

Councilmember Plunkett commented the issue is not the name but the dollar amount. If the Emergency Reserves are included, the City has reserves close to most standards.

Councilmember Petso agreed with Councilmember Wilson's concern that the target should not be randomly changed. However, Councilmember Buckshnis has done extensive research to determine an appropriate target and she was comfortable with Councilmember Buckshnis' proposal. She agreed with Councilmember Plunkett that the City's entire financial picture should be considered. The City has other reserves not shown in the budget including \$1.9 million in one fund and it appears from the balance sheet that there is an additional \$1.2 million. The amount needed from the budget to provide a two month target is \$2.3 million in ending cash. Assuming the proposed ending cash of \$2.8 million is an accurate number, a one month target ending cash is appropriate. She was hopeful that after all amendments were made, the ending cash would not be below \$2.3 million. She expressed support for the amendment.

Mayor Cooper asked Mr. Hines to comment on the City's reserves. Mr. Hines explained there are no restrictions on the use of the Public Safety Reserve; the funds can be used for any purpose the Council desires. The \$1.927 million in the Emergency Reserve is restricted by Ordinance 3755 for expenditure in case of true catastrophic emergencies.

Councilmember Plunkett recalled when the Emergency Reserve was originally established it could also be used for economic catastrophe. Although the ordinance indicates the funds can only be used for Acts of God, the Council could amend the ordinance at any time. Mr. Snyder agreed.

MOTION CARRIED (5-2), COUNCILMEMBERS WILSON AND PETERSON VOTING NO.

AMENDMENT #6 (DB 4) - INCLUDE \$50,000 FOR A COMPENSATION CONSULTANT

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER PETSO, TO INCLUDE \$50,000 FOR A COMPENSATION CONSULTANT TO REVIEW THE NRC POLICY, FUNDED FROM ENDING CASH.

Councilmember Buckshnis acknowledged the amount was based on discussions at the Council Finance Committee and was a ballpark number.

Councilmember Plunkett recalled Human Resources Director Debi Humann provided the \$50,000 amount at the Finance Committee meeting. He expressed support for the amendment predicated on the Council's December 21 discussion regarding revisions to the NRC Policy. Mayor Cooper advised Ms. Humann would provide a detailed report to the Council at the December 21 meeting.

MOTION CARRIED UNANIMOUSLY.

With regard to amendment DB 6, Fund \$20,000 to the ECA, Councilmember Buckshnis advised she would withdraw this amendment as it had been addressed in an earlier agenda item. Likewise amendments DB 7, Stormwater Maintenance Worker 1, and DB 8, Stormwater Engineering Technician, had been approved via the Council's approval of the decision packages.

AMENDMENT #7 (DB 10) – ADD \$200,000 TO FUND 111 TO HELP FUND TBD SHORTFALL

Councilmember Buckshnis explained there may be funds available to transfer to the Street Fund if a decision is made to pay off bonds and the current \$750,000 cap on the use of REET funds for transportation lowered to \$500,000. REET revenues are currently \$640,000-\$650,000. She explained for the past 4-5 years funding in Fund 111 has been approximately \$700,000.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER WILSON, TO ADD \$200,000 TO FUND 111 TO HELP FUND THE TBD SHORTFALL IN RELATION TO STREET MAINTENANCE AND PRESERVATION FROM ENDING CASH.

Councilmember Wilson recalled the policy has been to fund street overlays with REET revenues, Fund 126, in excess of \$750,000. For the past 2-3 years REET revenues have been well below that amount and no REET monies have been used for street overlays. He noted Fund 126, the Parks Acquisition Fund, was budgeted at \$700,000 for 2011 which does not exceed the \$750,000 threshold. He noted the City opened two new parks recently, Hickman Park and Meadowdale Walkway, the first new parks the City has opened in 26 years. He suggested taking \$200,000 from Fund 126 and establishing a new policy that funds in Fund 126 in excess of \$500,000 be transferred for street overlays.

Councilmember Buckshnis commented Fund 126 pays the debt service on the City Hall bonds. Mr. Hines explained Fund 126, REET 1, is budgeted to receive approximately \$700,000 in 2011. All of those funds are used for debt service.

Councilmember Petso was sympathetic to the intent of the amendment and although she has promised the Public Works Director to work with him to fund streets, she did not support this amount from this source at this time. Further, based on staff's response, she was uncertain whether the proposal would transfer money into the right fund. If the Council transferred funds, she preferred they be funds that were dedicated to street overlays. She did not support the amendment, not because she did not want to pay for roads, but this was not the appropriate amount/source at this time.

Councilmember Wilson commented street overlays are one of the most basic things City government should be doing. He noted funding sources have been identified for some amendments such as from the vacant Development Services Director position; the longer that position remains vacant, the more money that is available from that source. If this is a basic City service, he suggested using funds from the vacant Development Services Director position to fund street overlays instead of funding other amendments such as the Strategic Plan. He asked whether that would increase Councilmembers' support for this amendment if a source could be identified. He supported funding the Strategic Plan from ending cash. He emphasized a funding source needs to be identified to increase the street overlays from an 80 year cycle.

Councilmember Buckshnis suggested this be considered by the Citizen Levy Committee who is considering the issue of targeting funds for capital projects.

Councilmember Fraley-Monillas did not support the amendment but indicated she is very supportive of streets and supported the increased vehicle license fee proposed by the TBD to fund transportation projects. The Edmonds voters did not support the fee and unless another source was identified, she did not support transferring funds from one fund to another to pay for street overlays.

MOTION FAILED (2-5), COUNCILMEMBERS BUCKSHNIS AND WILSON VOTING YES.

AMENDMENT #8 (DB 9) - ADD \$50,000 TO THE STREET CONSTRUCTION FUND FROM THE GENERAL FUND ENDING BALANCE TO PAY FOR TRAFFIC CALMING PROJECTS

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER WILSON, TO ADD \$50,000 TO THE STREET CONSTRUCTION FUND FROM THE GENERAL FUND ENDING BALANCE TO PAY FOR TRAFFIC CALMING PROJECTS.

Councilmember Buckshnis advised the Council authorized adding \$50,000 to the TIP for traffic calming. Mayor Cooper explained this is the appropriation that implements the Council's motion to add \$50,000 in the TIP for traffic calming.

UPON ROLL CALL, MOTION CARRIED (5-2), COUNCILMEMBERS FRALEY-MONILLAS, BUCKSHNIS, WILSON, PETERSON AND PLUNKETT VOTING YES; AND COUNCIL PRESIDENT BERNHEIM AND COUNCILMEMBER PETSO VOTING NO.

AMENDMENT #9 (DB 11 – DB 18) – ADDITIONAL BUDGET EXHIBITS

Mayor Cooper explained these amendments were related to adding exhibits to the final printing of the budget book. He suggested they could be handled as one motion as they were largely non-controversial.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO HAVE THE ADDITIONAL EXHIBITS ADDED TO THE BUDGET. MOTION CARRIED UNANIMOUSLY.

Exhibit 1, page 3	Add an actual 2009 column and footnote General Fund to state which amended budget is used
Exhibit 2, page 4	Add an actual 2009 column and footnote significant changes such as the decreased revenue from the sale of fire equipment
Exhibit 4, page 6	Change 2 months to Target Ending Cash to 1 month and provide some current actual numbers including the General Fund beginning balance
Exhibit 5, page 7	Footnote the breakout of the Administrative Services to verify Finance FTE and IT FTE
Add Exhibit 2 as identified in 2009/2010 Budget Book	Add total budget revenue, expenditures and fund balances using actual 2009 numbers, 2010 budget and 2010 yearend estimates
Add Exhibit 3 as identified in 2009/2010 Budget Book	Add General Fund revenues, expenditures and fund balance using actual 2009 numbers, 2010 budget and 2010 yearend estimates
Add Exhibit 10 as identified in 2009/2010 Budget Book	Add this statistical but very important macro item to the budget book
	Summarize Total Department Cost Centers as identified in 2009/2010 Budget Book

AMENDMENT #10 (SB 1) - REDUCE THE CITY ATTORNEY BUDGET FROM \$597,000 to \$497,000

Council President Bernheim explained this amendment was the result of his eternal optimism. He believed on the strength of hope and intention that the City Attorney budget could be reduced from \$597,000 to \$497,000

COUNCIL PRESIDENT BERNHEIM MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO REDUCE THE CITY ATTORNEY BUDGET FROM \$597,000 to \$497,000 EXCLUSIVE OF PROSECUTOR AND PUBLIC DEFENDER)

Councilmember Fraley-Monillas inquired about the actual expenditures for the City Attorney for the past 3-4 years. City Clerk Sandy Chase distributed an 18-month history of the City Attorney actual expenditures, beginning January 1, 2009. Mayor Cooper stated this information was also provided to the Council electronically.

Councilmember Buckshnis asked if the consideration of proposals for the City Attorney was the reason for Council President Bernheim's proposed amendment. Council President Bernheim responded it was not. He wanted to work harder at reducing the City Attorney budget, finding \$597,000 too much for Edmonds' legal expenditures in a single year. He pledged to do whatever possible to reduce that amount by \$100,000. He commented one of the ways to reduce legal expenditures was working better with the community and avoiding problems.

Councilmember Wilson found Council President Bernheim's pledge to reduce legal expenditures ridiculous, relying on hope and faith to reduce \$100,000 from the City Attorney budget. He reiterated the Council could redefine terms to make the budget look better but could not just pretend the City would not get sued or need a City Attorney. He proposed the following amendment using Council President Bernheim's logic:

**COUNCILMEMBER WILSON MOVED, TO REDUCE THE CITY ATTORNEY BUDGET TO \$5.97.
MOTION DIED FOR LACK OF A SECOND.**

Councilmember Buckshnis commented Mr. Snyder has provided an idea that will save money in the City Attorney budget: train a person in the City Clerk's office to read Councilmembers' emails and determine what can be placed online and which emails need to be reviewed by Mr. Snyder. Mr. Snyder is currently reviewing all Councilmember emails for public records requests. She was uncertain whether the City Attorney's budget could be reduced by \$100,000 but agreed the City needed to find ways to be more cost effective.

Student Representative Gibson asked where the funds went if all the funds budgeted for the City Attorney were not used during a year. Mayor Cooper answered it became part of the ending cash balance at the end of the year and the beginning cash balance for the following year.

Councilmember Peterson commented he would be a much wealthier man if he could reduce all his expenditures by 20% by simply stating that he was going to reduce them by 20%. He agreed with the intent to reduce the City Attorney budget, but a \$100,000 reduction was aggressive at best. Hoping the City Attorney budget could be reduced by \$100,000 was no way to create a budget, noting the same hope could be applied to many other items in the budget. He summarized staff's presentations at the August 31 workshop illustrate that staff is rarely over budget and for the past several years have almost always been under budget. Edmonds has a very responsible staff who work hard to stay under budget. He found this amendment insulting to that history.

Councilmember Plunkett commented the Council has control over how much time is applied to the City Attorney. It is just a matter of the Council doing a better job to reach this target/objective.

**COUNCILMEMBER FRALEY-MONILLAS MOVED, SECONDED BY COUNCILMEMBER PETSO,
TO AMEND THE MOTION TO A \$50,000 SAVINGS IN THE CITY ATTORNEY BUDGET.**

Councilmember Fraley-Monillas commented there needs to be a happy medium. She would be an irresponsible Councilmember not to tighten the belt wherever possible. The Council drives a number of the issues that are referred to the City Attorney; those issues can be reduced if the Council is more proactive and does their homework better. She did not see things improving to the point where a \$100,000 savings could be realized but did not find it unreasonable to reduce a \$600,000 budget item by \$50,000.

MOTION FAILED (1-6), COUNCILMEMBER FRALEY-MONILLAS VOTING YES.

**UPON ROLL CALL, MAIN MOTION CARRIED (4-3), COUNCIL PRESIDENT BERNHEIM AND
COUNCILMEMBERS BUCKSHNIS, PETSO, AND PLUNKETT VOTING YES; COUNCILMEMBERS
PETERSON, WILSON AND FRALEY-MONILLAS VOTING NO.**

AMENDMENT #11 (SB 2) – REDUCE PRISONER CARE BUDGET FROM \$664,000 TO \$614,000

Council President Bernheim advised he would withdraw this amendment based on information provided by Police Chief Compaan.

**COUNCILMEMBER PETERSON MOVED, SECONDED BY COUNCILMEMBER FRALEY-
MONILLAS, TO REDUCE THE PRISONER CARE BUDGET BY \$56,964 AND USE THE SAVINGS TO
PAY FOR THE BULLET PROOF VESTS PREVIOUSLY APPROVED BY THE COUNCIL AS ONE OF
THE DECISION PACKAGE ITEMS AND FUNDED VIA ENDING CASH. MOTION CARRIED
UNANIMOUSLY.**

AMENDMENT #12 (SB 3) - APPROPRIATE \$5,000 TO THE FOURTH OF JULY/CHAMBER OF COMMERCE

**COUNCIL PRESIDENT BERNHEIM MOVED, SECONDED BY COUNCILMEMBER FRALEY-
MONILLAS, TO APPROPRIATE \$5,000 TO THE FOURTH OF JULY/CHAMBER OF COMMERCE.**

Council President Bernheim explained this was consistent with his support for increasing tourism in the City.

Councilmember Peterson advised although he supported the amendment, he would abstain from the vote as he is a member of the Chamber of Commerce Board.

MOTION CARRIED (6-0-1), COUNCILMEMBER PETERSON ABSTAINED.

AMENDMENT #13 (SB 4) - DESIGNATE \$35,000 TO COMPLETE OLD MILLTOWN PARK

COUNCIL PRESIDENT BERNHEIM MOVED, SECONDED BY COUNCILMEMBER PETSO, TO DESIGNATE \$35,000 TO COMPLETE OLD MILLTOWN PARK.

Council President Bernheim acknowledged there had been a number of technical roadblocks with regard to power and water at the site but supported appropriating \$35,000 to complete the park. Mayor Cooper advised the 2010 line item in the Fund 125 was \$40,000 and suggested the amendment be for \$40,000. Council President Bernheim agreed. Mayor Cooper restated the motion as follows:

DESIGNATE \$40,000 TO COMPLETE OLD MILLTOWN PARK.

Councilmember Plunkett recalled the City purchased the land and it was his understanding the Garden Club planned to landscape the area. He asked why that had not occurred and if the Garden Club planned to landscape the area, why did the City need to appropriate funds for the park. Mr. Snyder responded the Garden Club's plan required trenching for water and electricity and the installation of an electrical box. He noted that Mr. Clifton has been negotiating with the bank who has been cooperative; the City forwarded the bank a document to revise the easement so that the Garden Club can build its plan. Parks Maintenance Manager Rich Lindsay explained page 197 of the CIP contains \$40,000 for the Old Milltown Park. Because funds in Fund 125 were low due to the Haines Wharf project and the interurban trail, then-Parks & Recreation Director Brian McIntosh requested he not proceed with Old Milltown Park until funds were available. He supported appropriating funds to allow staff to move forward on the project.

Councilmember Plunkett asked if the amount in the amendment was to prepare the site for future landscaping or did it include landscaping. Mr. Lindsay answered it included landscaping; landscaping is the lesser amount in the project, the biggest part is the utilities, installation of concrete and demolition on a portion of the site.

Councilmember Peterson commented a \$35,000 - \$40,000 appropriation would not complete the project. The Floretum Garden Club has raised private funds for the project and continues to seek funds to augment the City's contribution. There are a number of issues that have delayed the project.

COUNCIL PRESIDENT BERNHEIM MOVED, SECONDED BY PETERSON, TO EXTEND THE MEETING FOR 2 HOURS. MOTION CARRIED UNANIMOUSLY.

Councilmember Buckshnis, a member of the Floretum Garden Club, advised she would abstain from the vote. The City is preparing the site and the Garden Club will purchase and plant vegetation.

Councilmember Petso asked if funds were available in Fund 125 for this expenditure. Mr. Lindsay stated he understood there were insufficient funds in Fund 125. He advised that another old fuel tank was discovered south of the Old Milltown property in the sidewalk that will need to be addressed before the project can begin.

Mayor Cooper explained there is \$40,000 in the 2010 budget in Fund 125 that has not been spent. If the council adopts the proposed amendment, those funds will be moved forward into 2011. Mr. Hines agreed.

Councilmember Plunkett inquired about the fuel tank. Mr. Snyder responded the bank is removing the tank but the City is involved because it is under the street.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCIL PRESIDENT BERNHEIM, TO AMEND THE MOTION TO TAKE THE MONEY OUT OF REET RATHER THAN THE GENERAL FUND. MOTION CARRIED (6-0-1), COUNCILMEMBER BUCKSHNIS ABSTAINED.

MAIN MOTION AS AMENDED CARRIED (6-0-1), COUNCILMEMBER BUCKSHNIS ABSTAINED.

Councilmember Fraley-Monillas inquired about the red numbers in years 2015 and 2016 on the Executive Summary page of the interactive worksheet. Mr. Hines responded the red numbers represent deficits.

Council President Bernheim advised he would withdraw amendment SB 5, Charge Woodway more for police services, as the contract did not expire until the end of 2011.

AMENDMENT #14 (SB 6) - REDUCE THE CITY COUNCIL BUDGET BY \$5,000 BY REDUCING COUNCILMEMBERS' ATTENDANCE AT MEETINGS

COUNCIL PRESIDENT BERNHEIM MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, TO REDUCE THE CITY COUNCIL BUDGET BY \$5,000 BY REDUCING COUNCILMEMBERS' ATTENDANCE AT MEETINGS.

Councilmember Plunkett commented the list of amendments suggests the savings be achieved via eliminating committees. Council President Bernheim clarified his motion was simply to strive for a \$5,000 savings.

MOTION CARRIED UNANIMOUSLY.

Council President Bernheim withdrew amendment SB 7, Update City Council budget estimate figures on page 11 to show lower figure.

AMENDMENT # 15 (SB 8) – MOVE FIBER AND IT OUT OF ADMINISTRATIVE SERVICES TO COMMUNITY SERVICES

Council President Bernheim did not agree with burdening Mr. Hines' department with fiber optics and Information Technology and proposed moving those responsibilities to the Community Services Department.

COUNCIL PRESIDENT BERNHEIM MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, TO MOVE FIBER AND INFORMATION TECHNOLOGY OUT OF ADMINISTRATIVE SERVICES TO COMMUNITY SERVICES.

Mr. Hines explained in addition to finance, his career has included being a Line Supervisor in Information Services where he was a departmental CIO with 190 users and was responsible for programming, help desk, support, etc. As CFO and CAO over two departments in California, he oversaw two IT shops. He summarized he was well versed in IT.

Mayor Cooper asked Mr. Snyder to address the separation of powers between the legislative and executive branches regardless of where funding is placed in the budget. Mr. Snyder responded the Council has the ability to place funds in logical places for expenditure; however, the Mayor will ultimately determine the City's organizational chart and reporting structure. If the Council is making this amendment with the expectation the Mayor will revise the organizational chart, that is not the Council's role. If the intent is to have the funds reported in a different way, that is appropriate.

Councilmember Fraley-Monillas commented this amendment had nothing to do with Mr. Hines' qualifications or past experience. She recognized it was the Council's role to designate supervision. The intent was to free up

the accounting department to allow them to respond to the Council more quickly. Providing a department manager a large span of control can make it more difficult for them to accomplish their job responsibilities.

Mayor Cooper assured the Council that staff has daily discussions about how to improve efficiency in the way the City conducts its business. He pointed out the Community Services Director, Stephen Clifton, is already managing the second floor in the absence of a Development Services Director who, depending on future amendments, may not be hired until mid-2011.

UPON ROLL CALL, MOTION FAILED (3-4), COUNCILMEMBERS PLUNKETT AND PETSO AND COUNCIL PRESIDENT BERNHEIM VOTING YES; AND COUNCILMEMBERS WILSON, BUCKSHNIS, PETERSON, AND FRALEY-MONILLAS, VOTING NO.

Mayor Cooper declared a brief recess.

AMENDMENT #16 (MP 2) – FUND \$7,500 FROM ENDING CASH FOR THE HISTORIC PRESERVATION COMMISSION

Councilmember Plunkett explained this appropriation would be used to print new Walking Tour brochures and print 4-5 issues of the Commission newsletter.

COUNCILMEMBER PLUNKETT MOVED, SECONDED BY COUNCILMEMBER PETSO, TO FUND \$7,500 FROM ENDING CASH TO CONTINUE EFFORTS OF THE EDMONDS HISTORIC PRESERVATION COMMISSION TO PROMOTE THE SMALL TOWN CHARACTER AND CHARM OF EDMONDS WITH PRINTING OF 4-5 ISSUES OF THE COMMISSION NEWSLETTER AND 15,000 WALKING TOUR BROCHURES. MOTION CARRIED UNANIMOUSLY.

AMENDMENT #17 (DW 3) – PROVIDE \$5,000 TO SUSTAINABLE EDMONDS

Councilmember Wilson commented Sustainable Edmonds has done a great job with regard to public education on energy efficiency and other environmentally sensitive efforts that support sustainability.

COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCILMEMBER PETERSON, TO PROVIDE \$5,000 TO SUSTAINABLE EDMONDS.

Councilmember Buckshnis advised she could not support the amendment until she received financial information from Sustainable Edmonds.

UPON ROLL CALL, MOTION FAILED (3-4), COUNCILMEMBERS WILSON AND PETERSON AND COUNCIL PRESIDENT BERNHEIM VOTING YES; AND COUNCILMEMBERS PETSO, PLUNKETT, FRALEY-MONILLAS AND BUCKSHNIS VOTING NO.

AMENDMENT # 18 (SP 1/DB 1) – ADD \$100,000 TO ECONOMIC DEVELOPMENT TO FUND A STRATEGIC PLAN

COUNCILMEMBER PETERSON MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO FULLY FUND THE \$100,000 REQUEST FROM THE CITIZENS ECONOMIC DEVELOPMENT COMMISSION FOR A CITYWIDE STRATEGIC PLAN, ADDED TO THE ECONOMIC DEVELOPMENT PROFESSIONAL SERVICES LINE ITEM, FUNDED AS FOLLOWS: \$60,000 FROM DEVELOPMENT SERVICES ADMINISTRATION, \$20,000 FROM ECONOMIC DEVELOPMENT, \$7,500 FROM DEVELOPMENT SERVICES-PLANNING DEPARTMENT PROFESSIONAL SERVICES LINE ITEM, AND \$12,500 FROM COUNCIL CONTINGENCY FUNDS.

Councilmember Plunkett asked whether the cost to hire a consultant or consulting team was \$100,000. Mr. Clifton answered yes. Councilmember Plunkett assumed Mr. Clifton would then send out a Request for

Proposals (RFP). Mr. Clifton answered a Request for Qualifications (RFQ) and a RFP would be sent out. Councilmember Plunkett asked how the consultant would be selected. Mr. Clifton explained the number of responses brought to the Council would depend on how many were qualified. He anticipated staff would provide a recommendation. Qualifications will depend on the proposals, the end product and the dollar amount. Councilmember Plunkett anticipated the Council and the Economic Development Commission would review the scope of work. The Council would then have a scope of work associated with a contract. Mr. Clifton advised a contract would be presented to the Council for review and potential action.

Councilmember Buckshnis advised she developed a resolution to assist in the selection of a Strategic Plan consultant. The resolution allows the Council to be part of the process, review the proposals, etc.

Councilmember Peterson distributed a Council Adopted Note to the 2011 budget. He referred to language in the Note that responded to Councilmember Plunkett's questions, "Therefore, Be It Further Resolved that the City Council will review the final recommendations of the qualified proposals as determined by the Citizens Economic Development Committee" and "Therefore Be It Further Resolved that support from the City Council is based on a draft strategic plan being submitted to the City Council for its review for the purpose of taking action on the plan." He summarized the Council wanted to ensure they were involved in the selection process.

COUNCILMEMBER PETERSON MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO INCLUDE THE COUNCIL ADOPTED NOTE IN THE 2011 BUDGET.

Council President Bernheim stated this was similar to his proposal for neighborhood visioning meetings. He has always supported the Council and City government taking responsibility for determining priorities. Although he supported obtaining this type of information and establishing priorities, he did not support allocating up to \$100,000 in these economic times. He preferred the Council do its best to develop this information themselves and if that is not effective, spend the money for a consultant next year. He was supportive of the motives behind the development of a Strategic Plan but did not support allocating \$100,000 for it.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, TO ADD TO THE COUNCIL ADOPTED NOTE TO THE 2011 BUDGET, "THEREFORE BE IT FURTHER RESOLVED THE CITY COUNCIL WILL REVIEW THE POTENTIAL CANDIDATES/CONSULTANTS AS WELL AS THE FINAL RECOMMENDATION OF THE QUALIFIED PROPOSALS."

Councilmember Buckshnis explained the Citizens Levy Committee has learned the importance of having the Council as well as an objective person involved.

Councilmember Plunkett expressed his support for the amendment.

Councilmember Peterson asked if this language would require the Council review all the proposals or only the proposals that staff/EDC deemed met the minimum qualifications. Mr. Clifton suggested staff conduct a preliminary review to screen out responses that were not qualified and present the qualified responses to the Council.

Councilmember Buckshnis commented all Councilmembers have different ideas of what they want in a Strategic Plan. She anticipated there would be a number of responses due to the economy.

Councilmember Wilson anticipated the intent of the motion was to maintain Council control and participation. He suggested including the Strategic Plan in the Council budget and staff would report directly to the Council President or the Councilmembers who serve as liaison to the EDC. Councilmember Plunkett expressed support for Councilmember Wilson's suggestion.

AMENDMENT CARRIED UNANIMOUSLY.

Councilmember Wilson commented the language in the note added confusion to the authorities and roles of staff, Council and the EDC. He did not support adopting the proposed note.

Councilmember Plunkett did not support adopting the note and planned to make an alternate amendment.

UPON ROLL CALL, AMENDMENT CARRIED (4-3), COUNCIL PRESIDENT BERNHEIM AND COUNCILMEMBERS BUCKSHNIS, PETERSON, AND FRALEY-MONILLAS VOTING YES; AND COUNCILMEMBERS PLUNKETT, WILSON AND PETSO VOTING NO.

Councilmember Plunkett suggested requesting proposals for a Strategic Plan without stating the cost. Councilmember Wilson suggested the \$100,000 amount not be included in the RFQ. He anticipated responses would range in cost from \$50,000 to \$200,000.

Councilmember Plunkett referred to the fourth whereas in the Council Adopted Note that states, “WHEREAS a strategic plan reflects the beliefs of the community and can be a very important tool for City decision makers, and,” noting he was not convinced a strategic plan would reflect the beliefs of the community. He believed a strategic plan may potentially reflect the beliefs of the community.

COUNCILMEMBER PLUNKETT MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO AMEND THE FOURTH WHEREAS IN THE COUNCIL ADOPTED NOTE TO READ, “WHEREAS A STRATEGIC PLAN *POTENTIALLY* REFLECTS THE BELIEFS OF THE COMMUNITY AND CAN BE A VERY IMPORTANT TOOL FOR CITY DECISION MAKERS.” AMENDMENT CARRIED UNANIMOUSLY.

Councilmember Fraley-Monillas suggested deleting the entire sentence, “Whereas the strategic plan can be a very important tool for the City decision makers.”

Councilmember Wilson expressed tremendous concern with a Strategic Plan. He would support it due to his respect for the participants on the EDC and Mr. Clifton and the work they have done.

MOTION CARRIED (6-1), COUNCILMEMBER PETSO VOTING NO.

AMENDMENT #19 (DW 1) – REINSTATE THE CRIME PREVENTION UNIT

Councilmember Wilson explained the Crime Prevention Unit was eliminated from the previous budget but it has been a long time, well accepted, well regarded unit providing very a welcome service to the community. He asked the cost of one Crime Prevention Officer who would also do the analyst job.

COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCILMEMBER PETERSON, TO REINSTATE THE CRIME PREVENTION OFFICER AT \$100,000.

Councilmember Wilson commented this is one of the most visible elements of the Police Department and engages a number of community members, particularly seniors. Given the perception that there is an increase in criminal activity due to the economy, it was appropriate to reinstate the Crime Prevention Officer.

Council President Bernheim did not support the amendment because he did not agree with funding additional police based on a perception of increased crime with no evidence of increased crime. He assured if crime increased, more police would be added to keep residents safe and secure. Based on arrest information Chief Compaan has provided, it appears there have been reductions in arrests. In these difficult economic times, crime prevention was not the highest priority.

Councilmember Fraley-Monillas referred to the Police Department's response to the proposed amendment that the Police Department is generally supportive of this amendment with three caveats. First, to the Police Department's knowledge, there does not appear to be sufficient General Fund revenue at this time to support reestablishing the Crime Prevention Unit. Second, the Police Department has need for one additional Police Services Assistant within the Records Unit. This need is really the highest personnel need at the present time. Third, should the Crime Prevention Unit again be funded, the Police Department has intentions to rewrite the job description to include crime analyst functions.

In response to Councilmember Wilson's question regarding cost, Chief Compaan advised the previous Crime Prevention Unit had one FTE and two part-time employees; each of the part-time employee cost approximately \$15,000/year. The estimate of \$100,000 is correct for one Crime Prevention Officer.

Councilmember Fraley-Monillas asked Chief Compaan to comment on the staff response she read. Chief Compaan answered it reflects staff's feeling on the issue. Although he would like to reinstate the Crime Prevention Unit, he has a different staffing priority. He would reconfigure the position to merge crime prevention with crime analyst.

Councilmember Peterson asked if the Chief's suggestion to rewrite the job description would be acceptable to Councilmember Wilson. Councilmember Wilson stated it would be, and restated the motion as follows:

TO FUND ONE FULL TIME EMPLOYEE IN THE CRIME PREVENTION UNIT WITH AN UPDATED JOB DESCRIPTION TO INCLUDE THE CRIME ANALYST POSITION AT A COST OF \$100,000.

MOTION FAILED (2-5), COUNCILMEMBERS PETERSON AND WILSON VOTING YES.

AMENDMENT #20 (DW 2) – FUND THE 2011 SHORTFALL AT THE EDMONDS CENTER FOR THE ARTS

Councilmember Wilson stated he has learned a great deal about the Edmonds Center for the Arts (ECA) over the past few weeks from Executive Director Joe McIlwain's presentation, from a Lodging Tax Advisory Committee (LTAC) meeting, and from follow-up meetings with Mr. McIlwain and others. He explained the ECA does not have bonds that the City guarantees; that is factually inaccurate. The City of Edmonds has bonds for which debt was taken out to give to the ECA. The City then signed an Interlocal Agreement with ECA that they will cover the cost of the bonds. When ECA cannot cover the debt, the City is required to pay the debt because it is the City's debt. That debt is approximately \$750,000/year. The Public Facilities District (PFD) collects approximately \$360,000/year from sales tax, approximately \$15,000 from a later allocation, and also does fundraising. The PFD gives those funds to the City but the entire amount was short this year by approximately \$100,000 which the City paid on December 1 from the General Fund. The General Fund number that staff is displaying is \$100,000 too high because a budget amendment will be required to reflect the payment of \$100,000.

This year, ECA staff went back eight years and collected all the capital pledges from citizens in the community which amounted to \$170,000. Next year the ECA will again have the \$100,000 shortfall as well as an additional \$170,000 because all the capital pledges have been collected. Regardless of what is budgeted, the City will be responsible for paying those bonds. Even if the Council does not adopt his proposed amendment, to fund the 2011 ECA shortfall in the amount of \$250,000, and pretends it does not exist, the City will be required to pay it anyway and follow it with a budget amendment.

Councilmember Wilson noted the ECA is trying to cover the debt by selling the naming rights; it may become the Frontier Communication Center. He recognized some Councilmembers want to give the ECA the benefit of the doubt that they will be able to raise some of the money; this year their Arts Crush fundraising event generated an extra \$100,000 that was used to offset the debt. Even if the ECA has another great year and raises another \$100,000 extra, they will be short \$250,000. He found it irresponsible for the Council to pretend that

obligation did not exist. He assumed if there had not been a transition in mayors, funding for the ECA would have been included in the Mayor's budget. He was open to funding a lower amount such as \$150,000 recognizing that Council approval of \$250,000 was unlikely. He summarized it was irresponsible for the Council not to budget for any expenditure for the debt that the City is responsible for.

COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCILMEMBER PETERSON, TO INCLUDE A DEBT SERVICE AMOUNT OF \$250,000 IN THE CULTURAL SERVICES SECTION OF THE PARKS BUDGET.

Councilmember Fraley-Monillas relayed it was her understanding the City guaranteed \$100,000/year. Councilmember Wilson answered no, although that was his original understanding also. The truth is the City does not guarantee the bonds, it is the City's debt; the City has to pay approximately \$750,000/year and asks the ECA to pay the City back. Councilmember Fraley-Monillas clarified the agreement with the ECA includes a requirement to reimburse the City. Mayor Cooper explained the amount ECA cannot afford to pay becomes a loan. Councilmember Wilson pointed out the City paid that \$100,000 without any discussion because the City guarantees it. Councilmember Fraley-Monillas asked whether the City could expect to get that \$100,000 back. Councilmember Wilson responded that was a great question.

Councilmember Fraley-Monillas asked whether the City guaranteed \$100,000. Councilmember Wilson responded the City guarantees approximately \$770,000/year total via 2 payments. The ECA then collects sales tax which they give to the City. The City allocates those funds toward the \$770,000 payment. This year the amount the ECA provided was short by \$100,000.

Councilmember Fraley-Monillas asked what happened if the City was unable to pay the debt. Councilmember Wilson answered if the City could not pay, it would default.

Councilmember Peterson expressed support for the amendment, commenting it was better to have the number out in the open. He explained the ECA is exploring opportunities such as restructuring the bonds if state legislation is passed extending PFD legislation, selling the naming rights, etc. He explained the \$15,000 the PFD received from the Snohomish County Tier 2 allocation was expected to be \$295,000; the economy downturn drastically reduced the Tier 2 allocation. The Council and ECA are actively engaging the Snohomish County Council to allocate other funds at the county level and that effort will continue next year.

Councilmember Buckshnis expressed support for the amendment in theory but not the amount of \$250,000. She has requested but not received yearend financials and projections from ECA, including the additional \$70,000 generated by Arts Crush. Councilmember Wilson pointed out the ECA's Executive Director told the Council and the LTAC to expect a \$250,000 shortfall and that they are exploring opportunities to reduce that amount. Councilmember Buckshnis pointed out those were September 30 projections and did not include revenue from Arts Crush.

Councilmember Wilson emphasized the ECA's finances did not matter; the City was responsible for the \$770,000 annual debt regardless. This was not a discretionary item and he was not proposing this amendment to save arts in Edmonds. He proposed it because it was erroneously and unintentionally left out of the Mayor's budget due to the transition.

Councilmember Plunkett commented he would need further information from ECA, bond counsel, Mr. Snyder, etc. He recommended the Council discuss the issue "top to bottom" at the retreat. He was unwilling to appropriate \$250,000 because the matter was more complicated than the explanation indicated.

MOTION FAILED (2-5), COUNCILMEMBER WILSON AND PETERSON VOTING YES.

COUNCILMEMBER WILSON MOVED, SECONDED BY PETERSON, TO APPROPRIATE \$150,000.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER WILSON, TO AMEND THE MOTION TO CHANGE THE APPROPRIATION TO \$100,000.

UPON ROLL CALL, AMENDMENT CARRIED (5-2), COUNCILMEMBERS WILSON, PETERSON FRALEY-MONILLAS, AND BUCKSHNIS, AND COUNCIL PRESIDENT BERNHEIM VOTING YES; AND COUNCILMEMBERS PETSO AND PLUNKETT VOTING NO.

Councilmember Fraley-Monillas asked whether this appropriation covered the current deficit. Mayor Cooper answered this is for the 2011 budget. Councilmember Fraley-Monillas asked about the \$100,000 the City paid on December 1. Mayor Cooper explained that would need to be addressed when the 2010 budget is closed out.

AMENDMENT CARRIED (5-2), COUNCILMEMBERS PETSO AND PLUNKETT VOTING NO.

Mr. Hines asked for clarification if this was a one time set aside. Mayor Cooper answered yes, acknowledging it would need to be addressed on a continuing basis.

AMENDMENT #21 (DW 4) – ADD A UNIFORMED POLICE OFFICER

Councilmember Wilson explained in the last budget there were 56 uniformed police officers. In the 2011 budget, there are 55 uniformed police officers. He was not aware that any positions had been cut in this budget other than this uniformed police officer. The City is already well below the median for uniformed officers per 1,000 population. This would restore the number of uniformed officers to 56 rather than cut a position.

COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCILMEMBER PETERSON, TO ADD A UNIFORMED POLICE OFFICER IN THE AMOUNT OF \$110,000.

Councilmember Fraley-Monillas asked about the funding source. The Police Department's response indicated although they support adding an officer, there did not appear to be sufficient General Fund revenue at this time to support funding of an additional officer. Councilmember Wilson responded Chief Compaan was able to identify savings of approximately \$35,000 in the Prisoner Care budget which reduced the amount required to \$65,000. He suggested transferring \$10,000 from Council Contingency and the remaining \$55,000 from the ending fund balance.

Councilmember Peterson acknowledged he had concerns with adding an officer because of the funding issue. Although he did not believe the proposed amendment would pass, it was important to have this discussion to inform the public the City's budget was unsustainable.

Councilmember Fraley-Monillas commented if funding cuts were necessary in the future, this was likely to be the first position cut. She did not support hiring an officer, anticipating it would be eliminated next year.

MOTION FAILED (2-5), COUNCILMEMBER WILSON AND PETERSON VOTING YES.

AMENDMENT #22 (DW 5) – UPGRADE THE INTERSECTION AT 196TH AND 88TH

Councilmember Wilson explained this intersection was regarded by a previous Council as one of the highest priority intersections. The Council hired a consultant who reported in 2007 there were sightline issues at the intersection of 196th & 88th that created safety concerns. He recalled the amount was \$95,000 for the recommended action; staff recently informed him it was much lower such as \$20,000. He explained significant traffic improvements could be made to that intersection for \$20,000 that upgrade a LOS F intersection southbound on 88th at 196th and increase safety. He anticipated staff would reeducate the Council about that project and the recommended action. He pointed out a consultant informing the City of a failed intersection would made good discovery in a legal liability case regarding an accident at the intersection.

COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO UPGRADE THE INTERSECTION AT 196TH AND 88TH IN THE AMOUNT OF \$20,000 TO IMPLEMENT THE RECOMMENDED ACTION FROM THE DECEMBER 2007 REPORT, FUNDED FROM ENDING CASH.

As a two-year member of the Transportation Committee and a supporter of the TBD, Councilmember Fraley-Monillas explained this was one of the TBD's priorities. She expressed her support for the amendment.

Council President Bernheim did not support the amendment. He recalled there was public opposition to improving the intersection by restricting turning movements. He felt residents would rather retain the flexibility to make left turns.

Councilmember Petso asked whether this was the same intersection project that the Community Services/Development Services Committee discussed. Mr. Williams answered it was. She asked whether anything had changed from the information staff presented to the Community Services/Development Services Committee. Mr. Williams answered he did not believe so.

Councilmember Plunkett agreed the residents of the neighborhood were specifically opposed to the proposed project.

UPON ROLL CALL, MOTION FAILED (3-4), COUNCILMEMBERS PETERSON, FRALEY-MONILLAS AND WILSON VOTING YES; AND COUNCILMEMBERS BUCKSHNIS, PLUNKETT, AND PETSO AND COUNCIL PRESIDENT BERNHEIM VOTING NO.

Mr. Hines provided the following information as a result of Council amendments:

Ending Fund Balance	
Mayor's 2011 budget	\$3.4 million
After amendments	\$2.927 million
2012	\$2.45 million
2013	\$512,000
2014	(\$1.7 million)
2015	(\$4.4 million)
2016	(7.9 million)

	Target Ending Cash	Amended Fund Balance
2011	\$2.7 million	\$2.9 million
2012	\$2.8 million	\$2 million
2013	\$2.9 million	\$511,000

Mr. Hines advised the numbers were preliminary as he needed to back out the real increases/decreases in the model. The only adjustment that may change slightly is the City Attorney because he needed to subtract the yearly increases.

Councilmember Wilson commented the 2011 budget did not include any plan for funding basic services. There is still one less uniformed police officer compared to the previous year, the City still has an 80 year overlay cycle; the list of things the City is not doing is long and the budget does nothing to fix the basic sustainability issues or capital issues. There are no investments made in basic rolling stock to ensure City vehicles can be kept running. The Council was kidding the community that this was a sustainable budget. He noted the budget surplus was based on hope and faith. The Mayor had done a good job developing a budget; it was up to the Council to determine how to right the undercapitalized ship. He did not support adoption of the budget.

Councilmember Buckshnis explained regrettably she would not support the budget for a number of reasons; most importantly the citizens of Edmonds deserve a transparent, citizen-friendly and explanatory budget with actual numbers and comprehensive exhibits. She has struggled with the budget for months and spent hundreds of hours with citizens. Based on her background as a financial regulator, she could not ethically support the budget due to serious concerns about the quality of the financial reports and had made that known beginning with the June Quarterly. The Finance Director made an assumption and changed the General Fund to increase it by \$735,000 assuming the Council's decision on the mid-year budget amendment. The Finance Director's job is to provide clear and accurate financial statements as required by RCW 35A.33.140. The September Quarterly does not contain a footnote regarding the \$735,000 transfer to the General Fund, thus causing even more inaccuracy and materially misleading financial statements. As she stated to the Mayor when the Council was reviewing the yearend amendment and he requested the Council confine their discussion to the amendment and not the quarterly report, it is impossible to separate the financial documents. She emphasized all numbers should tie and balance and should have a trail that can be followed.

Councilmember Buckshnis explained simple questions were asked and concerns were highlighted over the composition of the budget, lack of summaries, not comparing actuals to actuals, and not providing commonly used budget terms to assist citizens in understanding; none of it was provided. This makes it very difficult to responsibly judge the accuracy and validity of the budget. She was confident the budget would be passed by the end of the year and in 2011 it will be her goal to support clarity of financials so that any citizen can access a quarterly or monthly statement and understand exactly where the City stands financially. Her hope was to have actual numbers displayed in all fund balances, for the General Fund to have actual numbers to budget and to ensure all numbers tie. The City Council passed an ordinance and resolution that requests cash flow data using actual numbers; a practice that is utilized in many cities through the State. Her research of other cities' budget illustrates the importance of leading the charge next year for transparency in reporting.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, TO AMEND THE MAIN MOTION TO BRING THE 2011 BUDGET BACK ON THE DECEMBER 21 CONSENT AGENDA.

Councilmember Petso hoped when the budget was returned on December 21 it would include the formatting changes that Councilmember Buckshnis requested and that Mr. Hines would have had the opportunity to check the forecast and alert the Council to any difficulties. She anticipated some of her discomfort with the budget would be eliminated over the next couple weeks. She commented it would be a monumental event if she approved the budget because it would be the first City budget she has ever approved. She shared the concerns voiced by the Councilmembers who indicated they would vote against approval of the budget. She acknowledged the budget was not perfect, she did not prevail on all her proposed amendments and did not have all the information she wanted, but the budget might be okay. She preferred to have the budget returned to the Council on the December 21 Consent Agenda than vote against it tonight.

Councilmember Plunkett commented he would not support adoption of the budget although he would support the amendment proposed by Councilmember Petso because he supported the Councilmembers who were interested in passing the budget seeing the real numbers. The interactive worksheet was a good exercise but Mr. Hines has indicated he needed to check the numbers. If he were to support the budget, he could not do it based on a model but would need to see the final budget.

Councilmember Fraley-Monillas expressed support for the amendment, commenting it would be good to see precise numbers and for the Council to have time to think about the budget and the amendments. She commented every city, county and state has gone through this process during the last six months and no one has increased services. She has been intimately involved in the State budget negotiations and is aware of Snohomish County negotiations. She had faith the Mayor and staff will continue to consider belt tightening where necessary. She expressed her appreciation for the process.

Councilmember Peterson did not support the amendment, noting two Councilmembers have expressed their unwillingness to support the budget and it was unlikely their questions would be answered in two weeks if they had not been answered by now. He assured in a budget this size, the Council would never have exact numbers because many of the numbers were based on projections that are subject to change. He expressed his appreciation to the staff and Mayor for developing the budget and to Council President Bernheim for developing the timeline.

Councilmember Buckshnis commented she could support the budget if it contained the amendments, exhibits and actual numbers. The issue she has had since October is there have been no actual numbers and no comprehensive analysis of trends and macro information.

Councilmember Wilson cautioned Councilmembers against delaying approval of the budget for more than two weeks. The City must adopt a budget by December 31; the question was how to get four votes. Mayor Cooper clarified the budget must be signed by the Mayor by December 31. Councilmember Wilson did not envision delaying approval of the budget for two weeks would be helpful. If there were four votes tonight to approve the budget, he preferred to adopt the budget tonight. If there were not four votes to approve the budget, he recommended determining why and make those specific adjustments next week.

Councilmember Fraley-Monillas explained she needed to see the impacts of the amendments on the budget and the forecasts. There were numerous ways the budget could be off accidentally and it would be irresponsible of the Council to arbitrarily approve the budget without that information.

Councilmember Peterson expressed frustration this has been on the Council's agenda for months and Councilmembers knew that the numbers would change as a result of amendments. If it was the Council's intent to pass the budget on December 21, he asked why adoption of the budget was being discussed at 11:35 p.m. on the night adoption of the budget was scheduled. He objected to delaying approval of the budget with the explanation the numbers had changed when Councilmembers knew the numbers would change due to amendments.

Councilmember Buckshnis explained at an October meeting, she asked for specific exhibits to assist with the budget process which the Finance Department did not provide. She found the budget very incomplete and wanted an opportunity to review the numbers more closely.

To the point of delaying approval of the budget for two weeks to get greater clarity, Councilmember Wilson stated the numbers are already off by \$100,000 because the City paid \$100,000 for the ECA bonds. That will not change in two weeks; a budget amendment will be required. The document Council received tonight is \$1 million different than the document provided regarding expenditures which Mr. Hines was able to explain. He noted waiting two weeks would not provide greater clarity; other things will come up that will prevent 100% precision. He will vote against the budget due to his concern that the budget lacks a vision for moving the City to a sustainable footing. That will not change by scheduling approval of the budget on the December 21 Consent Agenda. He had no doubt Mr. Hines would do everything possible to finalize the budget but there still may be changes. He urged Council not to wait for the sake of waiting and recommended Council vote on the budget.

Councilmember Plunkett stated he was not concerned about the numbers changing slightly but felt the Council should have an opportunity to see the final product. He has two concerns, the first he will share only in executive session and the second, he wanted to see the additional exhibits that Councilmember Buckshnis requested (amendments DB 11-18) that the Council approved. Those exhibits have been requested by Councilmember Buckshnis and the Finance Committee and they comport with the Council resolution with regard to financial clarity. At a minimum he wanted to see those exhibits and he may be able to vote to approve the budget.

Councilmember Peterson pointed out amendments DB 11-18 were part of the amended budget that the Council was not passing tonight. Councilmember Plunkett responded when he saw that work product he may support the budget.

UPON ROLL CALL, MOTION FAILED (3-4), COUNCILMEMBERS PETSO, FRALEY-MONILLAS, AND PLUNKETT VOTING YES; AND COUNCIL PRESIDENT BERNHEIM, AND COUNCILMEMBERS BUCKSHNIS, WILSON AND PETERSON VOTING NO.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO BRING THE BUDGET BACK WITH THE AMENDMENTS ON THE DECEMBER 21 FULL AGENDA.

Councilmember Buckshnis clarified the Council has asked for information since October and has received nothing. The Council wants a complete package before approving the budget.

Mayor Cooper ruled that Councilmember Buckshnis' motion was essentially to table approval of the budget until the December 21 agenda. Councilmember Buckshnis responded that was not her intent.

COUNCILMEMBER PLUNKETT MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO REFER THIS ITEM TO THE DECEMBER 21 REGULAR AGENDA.

Council President Bernheim preferred to vote on the budget tonight and allow the budget to be constructed pursuant to the amendments. He was satisfied there was enough information to pass this budget. He was not satisfied there was enough information to achieve clarity and was concerned the reports were unlike any other city in the State of Washington. He referred to Mayor Cooper's commitment to implement the reporting changes the Council has requested within the next year.

UPON ROLL CALL, MOTION CARRIED (4-3), COUNCILMEMBERS FRALEY-MONILLAS, PETSO, BUCKSHNIS AND PLUNKETT VOTING YES; AND COUNCILMEMBER PETERSON, COUNCIL PRESIDENT BERNHEIM AND COUNCILMEMBER WILSON VOTING NO.

Mayor Cooper pointed out the Council had delayed action on the budget until the last scheduled Council meeting of the year, December 21. State law provides that the budget must be passed and signed by the Mayor prior to the end of the year. If the Council was unable to pass the budget on December 21, a special meeting will need to be scheduled in order to give him time to take action on the budget.

(Councilmember Fraley-Monillas left the meeting at 11:48 p.m.)

10. AUDIENCE COMMENTS

Al Rutledge, Edmonds, reported Mayor Cooper will be speaking at 10:00 a.m. on December 15 at the Senior Center. Next he reported Syd Locke is home after having bypass surgery. He also announced the food and toy drive at Top Foods on December 10, 11, 12 and 15 and the toy drive on Saturday at the Carol Rowe Memorial Food Bank at the United Methodist Church.

11. PROFESSIONAL SERVICES AGREEMENT WITH CHATTER LLC - UPDATE AND REDESIGN OF THE CITY WEB SITE.

CIO Carl Nelson explained City staff has been interested in updating the City's website. Responses to a recent RFQ were unacceptable. Staff selected Chatter LLC to assist with redesigning and updating the City's website. He advised this firm also designed the Chamber of Commerce's website.

Councilmember Petso noted the agenda memo indicated the funding source was the 2010 Economic Development Professional Services budget and the 2011 Information Services budget. Mr. Nelson agreed.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER PETSO, TO AUTHORIZE THE MAYOR TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH CHATTER LLC. MOTION CARRIED UNANIMOUSLY.

12. MAYOR'S COMMENTS

Mayor Cooper had no report.

13. COUNCIL COMMENTS

Councilmember Plunkett thanked Mayor Cooper for the excellent job he did developing the budget. To Councilmember Peterson's comment regarding how the exhibits Councilmember Buckshnis requested (amendments DB 11-18) would be implemented when the Council had not passed the budget, he pointed out the Council passed Resolution 1266 and Ordinance 3789 in February seeking transparency and clarity with regard to the City's finances. The Finance Department has not met the intent of the resolution and ordinance and that information is again requested via those exhibits. He expected to see those exhibits in a final work product that accompanies the budget.

Councilmember Wilson announced a meeting on December 16 at 6:00 p.m. in the Brackett Room. Participants at the meeting will include Councilmember Buckshnis, Mayor, Fire District 1 Chief Widdis, himself and others. The intent was to pull together the 65 members of the 2009 Citizens Levy Review Committee who provided the Council two clear directives, 1) get a levy passed, and 2) get to work on economic development. He invited Economic Development Commissioners, members of the 2010 Citizen Levy Committee, and anyone else who wanted to participate to attend the meeting. There would be a follow-up meeting on January 6. That group will consider the 2011 budget and ask the question, "now what?" as well as discuss options for restructuring portions of City government.

Councilmember Peterson corrected a statement he made at last week's Council meeting, giving Sustainable Edmonds credit for organizing a Go Green Edmonds panel discussion at the Economic Development Commission meeting. The panel was organized by the EDC and the Planning Board with the support of Sustainable Edmonds. He thanked the Planning Board and EDC for organizing a very lively and interesting discussion.

With regard to comments about voting against the budget because strategically it is not headed in the right direction, Council President Bernheim found the effort to amend the budget by adding several unfunded expenses to be heading in exactly the wrong way. He could not have supported the budget had all those amendments been approved. He was satisfied with the budget as amended and would support its adoption.

Council President Bernheim advised appointment of the Tree Board Members would be on next week's Council agenda. He encouraged Councilmembers to review the applications for the Tree Board.

14. ADJOURN

With no further business, the Council meeting was adjourned at 11:59 p.m.